

OFFICE OF THE SUFFOLK COUNTY COMPTROLLER



Single Audit Subrecipient Monitoring

For the Period: January 1, 2017 through December 31, 2017

Report 2018-02

Date Issued: June 24, 2020

John M. Kennedy, Jr.

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

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EXECUTIVE SUMMARY

Audit Scope:

The Suffolk County Comptroller's Office (Comptroller's Office) conducted a performance audit regarding the federal funding that Suffolk County passed through to subrecipients for the period January 1, 2017 through December 31, 2017.

Audit Objectives:

The objectives of our audit were to determine which subrecipients were required to have a single audit performed; to obtain copies of and review the single audit reports for compliance with the requirements of OMB Uniform Guidance; to determine if any of the single audit reports reviewed contained findings that related to programs that received federal funding passed through from Suffolk County; and to follow-up on any outstanding issues that were disclosed in our prior audit report on Subrecipient Monitoring that covered the period January 1, 2016 through December 31, 2016 (Report 2017-04).

Summary of Significant Findings:

- Two of the twenty-eight (7%) single audit reports reviewed by the Comptroller's Office contained audit findings that pertain to programs that received federal pass-through funding from Suffolk County. (p. 4).
- Four of the twenty-eight (14%) single audit reports reviewed by the Comptroller's Office contained deficiencies that pertain to programs that received federal pass-through funding from Suffolk County (p. 4).
- One of the twenty-eight (4%) single audit reports reviewed by the Comptroller's Office contained quality deficiencies that were brought to the attention of the auditor (p. 5).
- Four of the twenty-eight (14%) subrecipients that submitted a single audit report did not submit the data collection form and reporting package to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor's report or nine months after their fiscal year end, in accordance with Subpart F – Audit Requirements of the OMB Uniform Guidance. (p. 5).

BACKGROUND

The Federal Government enacted the Single Audit Act in an effort to obtain consistency in the administration and reporting of federal financial assistance. Suffolk County, as a recipient of federal funding, is required to be in compliance with the Single Audit Act and to have an annual audit, known as a single audit, conducted of its books and records. The County's single audit must be conducted in accordance with regulations promulgated by the Office of Management and Budget (OMB), known as "OMB Uniform Guidance, Code of Federal Regulations, Chapter 2, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200)." Suffolk County incorporated the requirements of 2 CFR Part 200 into Single Audit Advisories issued by the Suffolk County Department of Audit and Control's Division of Auditing Services.

OMB Uniform Guidance places certain responsibilities on Suffolk County, as the recipient of federal monies; these responsibilities include assuring that its subrecipients have complied with the federal reporting requirements. The County's subrecipients consist of other municipalities, such as towns and villages, federal and state agencies and nonprofit and for-profit organizations. States, other municipalities and nonprofit organizations are required to comply with the same reporting requirements as the County. A single audit must be obtained if federal funding expended meets or exceeds \$750,000 during their fiscal year. If the subrecipient did not expend the applicable threshold or more in federal funding during their fiscal year, an exemption letter is required in lieu of the single audit.

Federal agencies, profit-making entities, contractors paid through federal funding for goods or services provided, and individuals that are beneficiaries of federally funded programs are not required to comply with the Single Audit Act requirements.

Six county departments passed through federal funding to subrecipients during the period January 1, 2017 through December 31, 2017 (Schedule 1). Based on the information provided by these departments, we determined that Suffolk County passed through federal funds totaling \$17,751,997 to sixty subrecipients as follows:

<u>Subrecipient Category</u>	<u>Amount</u>
Towns (10)	\$ 4,632,734 (Schedule 2)
Villages (7)	329,603 (Schedule 3)
Nonprofit (41) / For-profit (2)	<u>12,789,660</u> (Schedule 4)
Total (60)	<u>\$17,751,997</u>

Twenty-eight (28) subrecipients submitted single audit reports to the Audit Division and thirty (30) subrecipients submitted single audit exemption letters. Two (2) subrecipients are for-profit agencies and are not subject to the requirements.

METHODOLOGY AND STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We performed the following procedures:

- Sent a letter to all County departments requesting information regarding the amount of federal funding passed through to subrecipients for the year ended December 31, 2017 and summarized the information received.
- Informed County departments that they are responsible for contacting their subrecipients and obtaining a copy of the single audit report or a single audit exemption letter¹, and submitting it to the Department of Audit and Control.
- Reviewed Single Audit Advisories and sections of the OMB Uniform Guidance – Code of Federal Regulations, Chapter 2, Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards applicable to subrecipient monitoring and management.
- Reviewed the single audit reports for compliance with OMB Uniform Guidance. Also, determined if the reports contained findings relating to programs that received federal pass-through funding from Suffolk County; if so, informed the department(s) that passed through the federal funding of the audit findings and requested follow-up action by the department(s), if deemed necessary.
- Notified the subrecipients of any deficiencies in their reports and requested corrective action. Determined whether all identified deficiencies were satisfactorily resolved.
- Reviewed the single audit exemption letters to verify that the subrecipients qualified for the exemption from Single Audit Act requirements.
- Followed-up on any outstanding issues identified in our prior report on Subrecipient Monitoring covering the period January 1, 2016 through December 31, 2016.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

¹ A single audit exemption letter is a written certification by the subrecipient's Chief Financial Officer stating that the entity qualified for exemption from single audit requirements because federal funding expended was less than \$750,000 during their fiscal year. The subrecipient is also required to submit a supporting schedule of federal funds expended as an attachment to the letter.

AUDIT RESULTS

Two of the twenty-eight (7%) single audit reports reviewed by the Comptroller's Office contained audit findings that pertain to programs that received federal pass-through funding from Suffolk County. The details are as follows:

- Town of Southampton (For the Year Ended 12/31/17) – The report includes a finding related to federal pass-through funding from the Suffolk County Executive's Office for the Aging which states, "Per review of Article I, Section 12 (b)(i) of the subrecipient agreement between Suffolk County and the Town of Southampton, monthly program reporting is required to be submitted by the 8th of each month. The Town did not meet the deadline for 6 out of 12 months, and therefore did not comply with the reporting compliance requirement." Management's response indicates the Town will review their policy and procedure for ensuring timely reporting.
- Victims Information Bureau of Suffolk, Inc. (VIBS) (For the Year Ended 12/31/17) – The report includes a finding related to federal pass-through funding from the Suffolk County Departments of Probation and Social Services which states, "VIBS does not have a written procurement policy and procedure document to ensure compliance of Uniform Guidance procurement standards. Management's corrective action plan stated that "VIBS will review their current procurement policy and update and amend the policy to follow the current OMB Guidance."

Four of the twenty-eight (14%) single audit reports reviewed by the Comptroller's Office contained deficiencies that pertain to programs that received federal pass-through funding from Suffolk County.

One of the four (25%) single audit reports contained deficiencies that pertain to the reported amount of federal funding passed through Suffolk County. Our audit disclosed the following:

- Retreat, Inc (For the Year Ended 12/31/17) - The report does not include the Emergency Solutions Grant which is passed through the Suffolk County Department of Economic Development and Planning's Community Development Office under CFDA No. 14.231. The Agency was notified of this deficiency and instructed to properly report the program on their 2018 single audit report.

Three of the four (75%) single audit reports contained **repeat deficiencies** that pertain to proper identification of the pass-through entity for federal funding passed through Suffolk County. Our audit disclosed the following:

- United Veterans Beacon House, Inc. (For the Year Ended 9/30/17) – The report did not identify the Suffolk County Department of Social Services as the pass-through entity for the Continuum of Care Program – CFDA No. 14.267. In addition, the report incorrectly identified the Suffolk County Department of Social Services as the pass-through entity for the Shelter Plus Care Program – CFDA No. 14.238 and the Home Investment Partnership Program – CFDA No. 14.239; however, the department did not report any

pass-through federal funding for these programs. The Agency was notified of these reporting errors and instructed to properly report the programs on their 2018 single audit report.

- Catholic Charities of the Dioceses of Rockville Centre (For the Year Ended 12/31/17) – The report incorrectly included the federal funding passed through Suffolk County Office for the Aging for the Balancing Incentive Program – Caregiver Services – CFDA No. 93.778 with the federal funding passed through for the Special Programs for the Aging, Title III, Part C Nutrition Services – CFDA No. 93.045. The Agency was notified of the proper reporting requirements for their 2018 single audit report.
- Education & Assistance Corporation, Inc. (EAC) (For the Year Ended 12/31/17) – The report incorrectly identified the Suffolk County Department of Social Services as the pass-through entity for the Community Guardianship Services – CFDA No. 16.738 and the TASC Drug Testing – CFDA No. 93.667; however, the department did not report any pass-through federal funding for these programs. The Agency was notified of these reporting errors and instructed to properly report the programs on their 2018 single audit report.

One of the twenty-eight (4%) single audit reports reviewed by the Comptroller’s Office contained quality deficiencies that were brought to the attention of the auditor. Our audit disclosed the following:

- United Veterans Beacon House, Inc. (For the Year Ended 9/30/17) – The Notes to the Schedule of Expenditures of Federal Awards – Note (1) Basis of Presentation contained an error that was communicated to the Agency.

Four of the twenty-eight (14%) subrecipients that submitted a single audit report did not submit the data collection form and reporting package to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor’s report or nine months after their fiscal year end, in accordance with Subpart F – Audit Requirements of the OMB Uniform Guidance (see Chart below).

	<u>Subrecipient Name</u>	<u>Subrecipient Year End</u>	<u>Single Audit Report Date</u>	<u>Date Report Due to FAC</u>	<u>Date Report Accepted by FAC</u>
1	Cornell Cooperative Extension	12/31/17	05/16/18	09/30/18	10/16/18
2	Retreat, Inc.	12/31/17	06/26/18	09/30/18	10/22/18
3	Town of East Hampton	12/31/17	06/26/18	09/30/18	10/29/18
4	Town of Southampton	12/31/17	05/01/18	09/30/18	10/22/18

FOLLOW-UP ON PRIOR YEAR'S REPORT

Our prior audit report on Single Audit Subrecipient Monitoring (Report 2017-04) disclosed that all of the subrecipients that received pass-through federal funding from Suffolk County in 2016 complied with the reporting requirements of OMB Uniform Guidance by submitting a copy of their single audit report or single audit exemption letter, except Central Pine Barrens Joint Planning and Policy Commission. This organization did not receive pass-through federal funding from Suffolk County in 2017; therefore, this finding was not repeated.

The status of exceptions that pertain to programs that received federal pass-through funding from Suffolk County is as follows:

- Town of Southampton (For the Year Ended 12/31/16) - The report does not include the DWI Crackdown Enforcement Program which is passed through the Suffolk County Department of Probation under CFDA No. 20.616. In addition, the report incorrectly identified the Suffolk County Police Department as the pass-through entity for federal funding passed through the Suffolk County Sheriff's Office for the Homeland Security Grant – CFDA No. 97.067. The report also incorrectly identified the Suffolk County District Attorney's Office as the pass-through entity for the Alcohol Impaired Driving Countermeasures Incentive Grant – CFDA No. 20.601; however, the District Attorney's Office did not report any pass-through federal funding for this program. The Agency was notified of these deficiencies and instructed to properly report the programs on their 2017 single audit report. ***These exceptions were not repeated in the 2017 audit.***
- Town of East Hampton (For the Year Ended 12/31/16) - The report does not include the DWI Crackdown Enforcement Program which passed through the Suffolk County Probation Department under CFDA No. 20.616, the Home Investment Partnership Program which passed through Suffolk County Community Development Office under CFDA No. 14.239 and the Nutrition Services Incentive – Cash in Lieu of Program which passed through the Suffolk County Office for the Aging under CFDA No. 93.053. The Agency was notified of these deficiencies and after consulting with their auditors it was determined that a restatement of the Schedule of Expenditures of Federal Awards was not necessary. ***These exceptions were not repeated in the 2017 audit.***
- Jewish Board of Family and Children's Services Inc. (For the Year Ended 6/30/16) - The report incorrectly identified the New York State Office of Mental Health as the pass-through entity for the federal funding passed through the Suffolk County Department of Health for the Community Mental Health Services Block Grant – CFDA No. 93.958. The Agency was notified of the proper reporting requirements for their 2017 single audit report. ***This exception was not repeated in the 2017 audit.***
- United Veterans Beacon House, Inc. (For the Year Ended 9/30/16) – The report did not identify the Suffolk County Department of Social Services as the pass-through entity for the Continuum of Care Program – CFDA No. 14.267. In addition, the report incorrectly identified the Suffolk County Department of Social Services as the pass-through entity

for the Shelter Plus Care Program – CFDA No. 14.238 and the Home Investment Partnership Program – CFDA No. 14.239; however, the department did not report any pass-through federal funding for this program. The Agency was notified of these reporting errors and instructed to properly report the programs on their 2017 single audit report. ***These exceptions were repeated in the 2017 audit.***

- Catholic Charities of the Dioceses of Rockville Centre (For the Year Ended 12/31/16) – The report incorrectly included the federal funding passed through Suffolk County Office for the Aging for the Balancing Incentive Program – Caregiver Services – CFDA No. 93.778 with the federal funding passed through for the Special Programs for the Aging, Title III, Part C Nutrition Services – CFDA No. 93.045. The Agency was notified of the proper reporting requirements for their 2017 single audit report. ***This exception was repeated in the 2017 audit.***
- Family and Children’s Association, Inc. (For the Year Ended 12/31/16) – The report incorrectly identified the Suffolk County Department of Social Services as the pass-through entity for the Community Mental Health Services Block Grant – CFDA No. 93.958; however, the federal funding was passed through the Suffolk Department of Health Services. The Agency was notified of this reporting error and agreed to properly report the program on their 2017 single audit report. ***This exception was not repeated in the 2017 audit.***
- Education & Assistance Corporation, Inc. (EAC) (For the Year Ended 12/31/16) – The report incorrectly identified the Suffolk County Department of Social Services as the pass-through entity for the Community Guardianship Services – CFDA No. 16.738 and the TASC Drug Testing – CFDA No. 93.667; however, the department did not report any pass-through federal funding for these programs. The Agency was notified of these reporting errors and instructed to properly report the programs on their 2017 single audit report. ***These exceptions were repeated in the 2017 audit.***
- Retreat Inc. (For the Year Ended 12/31/16) – The report incorrectly identified the Suffolk County Department of Social Services as the pass-through entity for the Residential Program Suffolk County – CFDA No. 93.558; however, the department did not report any pass-through federal funding for this program. The Agency was notified of this reporting error and instructed to properly report the program on their 2017 single audit report. ***This exception was not repeated in the 2017 audit.***

The status of exceptions that pertain to quality deficiencies that were brought to the attention of the auditor is as follows:

- Jewish Association for Services for the Aged (JASA) (For the Year Ended 12/31/16) – The report did not properly identify Health and Human Services Programs for Disaster Relief Appropriations Act – Non-Construction Super Storm Sandy Block Grant – CFDA No. 93.095 as a major program. The County was not a pass through entity for this program; however, the Agency was notified of this deficiency. ***This exception was not repeated in the 2017 audit.***

- Long Island Against Domestic Violence (For the Year Ended 12/31/16 – The report incorrectly identified the subrecipient as a low-risk auditee. The percentage of coverage for a high-risk auditee was met; however, the Agency was notified of this deficiency. ***This exception was not repeated in the 2017 audit.***

The status of exceptions that pertain to the four subrecipients that did not submit a Single Audit exemption letter to the Comptroller’s Office within nine months of the Agency’s respective fiscal year end is as follows:

	Subrecipient Name	Subrecipient Year End	Date Exemption Letter Due	Date Exemption Letter Received	Repeat Finding 2017
1	Bellport Hagerman East Patchogue Alliance	12/31/2016	9/30/2017	4/30/2018	No
2	Town of Riverhead	12/31/2016	9/30/2017	1/22/2018	No
3	Town of Southold	12/31/2016	9/30/2017	1/23/2018	No
4	Village of Lake Grove	5/31/2017	2/28/2018	4/13/2018	No

SCHEDULES

Schedule 1

Single Audit Subrecipient Monitoring
 Summary of Federal Pass-Through Funding to Subrecipients
 By Suffolk County Departments
 For the Period January 1, 2017 through December 31, 2017

	Subrecipient Category				Total
	Towns (Schedule 2)	Villages (Schedule 3)	Nonprofit & Organizations (Schedule 4)	For Profit Organizations (Schedule 4)	
<u>Suffolk County Department</u>					
Economic Development & Planning: Community Development Office	1,771,044	328,513	413,697	660,000	3,173,254
* { County Executive: Office for the Aging	1,882,957	-	1,023,735	64,045	2,970,737
{ County Executive: Budget Office	-	-	91,336	-	91,336
Department of Health Services	977,397	-	6,487,999	-	7,465,396
Sheriff	1,336	1,090	-	-	2,426
Probation Department	-	-	639,851	-	639,851
Social Services	-	-	3,408,997	-	3,408,997
Total	<u>4,632,734</u>	<u>329,603</u>	<u>12,065,615</u>	<u>724,045</u>	<u>17,751,997</u>

* The County Executive's Office for the Aging and Budget Office are counted as one Department

Schedule 2

Single Audit Subrecipient Monitoring
Summary of Federal Pass-Through Funding to Town Subrecipients
For the Period January 1, 2017 through December 31, 2017

<u>Notes</u>	<u>Towns</u>	<u>Amounts</u>
(2), (3)	Babylon	551,716
(3)	Brookhaven	1,638,742
(2), (3)	East Hampton	193,811
(2), (3)	Huntington	537,515
(2), (3)	Islip	335,759
(1)	Riverhead	251,133
(1)	Shelter Island	9,400
(2), (3)	Smithtown	636,724
(2),(3)	Southampton	331,502
(1)	Southold	146,432
		<u><u>4,632,734</u></u>

See Notes to Schedules (p. 14)

Schedule 3

Single Audit Subrecipient Monitoring
Summary of Federal Pass-Through Funding to Village Subrecipients
For the Period January 1, 2017 through December 31, 2017

<u>Notes</u>	<u>Villages</u>	<u>Amounts</u>
(1)	Lake Grove	77,235
(1)	Northport	1,090
(2), (3)	Patchogue	180,476
(1)	Port Jefferson	22,600
(1)	Sag Harbor	32,587
(1)	Southampton	12,042
(1)	Westhampton Beach	3,573
		<u>329,603</u>

See Notes to Schedules (p. 14)

Schedule 4

Single Audit Subrecipient Monitoring
 Summary of Federal Pass-Through Funding to Non-Profit & For-Profit Subrecipients
 For the Period January 1, 2017 through December 31, 2017

<u>Notes</u>	<u>Nonprofit Organizations</u>	<u>Amounts</u>
(1)	Adelante	123,065
(1)	Alternatives	579,847
(1)	American Center for Senior Citizen Services	42,223
(1)	Association for Mental Health	32,032
(1)	Bellport Hagerman East Patchogue Alliance	92,923
(1)	Brighter Tomorrows	175,865
(3)	Catholic Charities	1,794,657
(3)	Child Care Council of Suffolk Inc.	949,948
(2), (3)	Community Development Corp of LI, Inc. and Affiliates	55,000
(2), (3)	Cornell Cooperative Extension (CCE) of Suffolk County	15,000
(2), (3)	Economic Opportunity Council of Suffolk, Inc	52,000
(3)	Education & Assistance Corporation (EAC)	968,428
(1)	Faith Baptist Church of Coram	74,240
(2), (3)	Family and Children's Association	283,791
(2), (3)	Family Service League	689,832
(2), (3)	Federation of Organizations	485,293
(1)	Friends of the Retired & Senior Volunteer Program	157,768
(1)	Habitat for Humanity of Suffolk	32,015
(1)	Hands Across Long Island (HALI)	108,451
(1)	Haven House Bridges, Inc.	4,475
(1)	Hope for Youth, Inc.	71,906
(1)	Human Understanding & Growth Seminars (HUGS)	150,102
(2), (3)	JASA	69,027
(1)	Long Island Against Domestic Violence	654,641
(1)	Legal Aid Society-SC Cohalan Court Complex	91,336
(2), (3)	LI Housing Partnership Development Corp.	30,000
(1)	Long Island Housing Services	10,000
(2), (3)	North Fork Housing Alliance	832
(5)	Pederson-Krag Center	(495)
(3)	PSCH, Inc.	1,042,943
(2), (3)	Retreat Inc.	167,341
(1)	Riverhead Community Awareness	189,024
(2), (3)	Samaritan Daytop Village, Inc.	289,302
(2), (3)	SCO Family of Services	647,210
(1)	Suffolk Y Jewish Community Center	70,306
(1)	Sunshine Prevention Center	3,376
(1)	The Ministry for Hope	22,152
(2), (3)	Touro Law	204,737
(2), (3)	United Veterans Beacon House	126,661
(2), (3)	Victims Information Bureau of Suffolk (VIBS)	288,150
(1)	West Islip Youth Enrichment Services (YES)	268,890
(3)	YMCA of Long Island	951,321
		<u>12,065,615</u>
	<u>For-Profit Organizations</u>	
(4)	Artspace Patchogue Lofts	660,000
(4)	785 8th Street Corporation, d/b/a Zan's	64,045
		<u>724,045</u>
	Total of Nonprofit and For-Profit Organizations	<u>12,789,660</u>

See Notes to Schedules (p. 14)

Notes to Schedules

Single Audit Subrecipient Monitoring
For the Period January 1, 2017 through December 31, 2017

- (1) The subrecipient submitted a Single Audit exemption letter which stated that they expended less than \$750,000 in federal funds; therefore, they were not required to comply with the reporting requirements of OMB Uniform Guidance.
- (2) Suffolk County passed through less than \$750,000 in federal funds to the subrecipient. However, the subrecipient reported that they had other sources of federal funding and expended more than \$750,000 in federal funds; therefore, they were required to comply with the reporting requirements of OMB Uniform Guidance.
- (3) A desk review of the subrecipient's Single Audit report was performed and the report was determined to be in compliance with the reporting requirements of OMB Uniform Guidance.
- (4) The subrecipient was a for-profit agency; therefore, they were not required to comply with the reporting requirements of OMB Uniform Guidance.
- (5) In fiscal year 2017 the Department reported a prior year adjustment of (\$495) to adjust the 2016 reported estimate to the actual for this subrecipient. Therefore, federal funding was not passed through to this subrecipient and a Single Audit or Single Audit exemption letter was not requested.